

## **The complaint**

Mrs C and Mr N complain about the way Admiral Insurance (Gibraltar) Limited (“Admiral”) has handled a claim made under their home insurance policy.

## **What happened**

In 2023, Mrs C and Mr N made an escape of water claim under their home insurance policy when they noticed a gutter downpipe from their neighbour’s property was causing damp to enter their home. They said this had caused damage to the kitchen, living room and spare room with walls and flooring all affected.

A contractor was sent out to commence drying work. The property was stripped out and it was noted that there was pre-existing damp and the contractor couldn’t ensure a lasting and effective repair due to this. So a cash settlement was offered to repair the strip out damage.

Mrs C and Mr N complained to Admiral, saying its handling of the claim had caused them extreme stress and anxiety and the offer wasn’t enough for them to repair the damage. They said Admiral had failed to provide updates or respond to them in a timely manner, and had caused them considerable worry over the alternative accommodation matter and over the amount that Admiral had offered them for food whilst they were staying in a hotel without cooking facilities.

In its response, Admiral said it agreed that the alternative accommodation issue hadn’t been handled correctly and it apologised for the fact Mrs C and Mr N were told their cover for this would be ending. It offered £50 for the distress and inconvenience this caused. It said that it had extended the alternative accommodation cover, and paid £375 compensation for the failings Mrs C and Mr N had encountered.

It also agreed that the claim had been ongoing for an excessive period of time, and the property had not yet been restored. But it also explained that due to the pre-existing damp issues it was awaiting more information as to the extent of the repairs required before proceeding. So it didn’t agree that it was liable for all the repairs as this would constitute betterment due to the ongoing damp problems.

Mrs C and Mr N didn’t agree with Admiral’s response, so they referred their complaint to this service. Our Investigator considered the issues and recommended Admiral take further steps to put things right. She said it should increase the level of compensation for the poor communication regarding the alternative accommodation and for stripping out the property unnecessarily when it shouldn’t have accepted the claim. She also recommended Admiral pay 90% of the repair quote to rectify the strip out damage.

Admiral didn’t agree it was responsible for paying 90% of the repair costs, saying it wanted a full breakdown of the quote to see which costs it was liable for, so it could make a fair offer. Because an agreement couldn’t be reached between the parties, the complaint was passed to me to decide.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've decided to uphold this complaint and I agree with our Investigator's recommendations.

I understand the alternative accommodation issue and the matter of food costs were resolved, so I won't comment on these.

In terms of avoidable delays and customer service, I can see that the issues did take too long to resolve and there was some poor customer service when Mrs C and Mr N were told their entitlement to alternative accommodation would be ending. I can appreciate why this caused them distress. I also think Admiral should compensate Mrs C and Mr N for the disruption caused to them by stripping out their home when this wasn't needed. I think a fair and reasonable amount of compensation for the distress and inconvenience caused would be £500 in total, from which Admiral may deduct the £375 it's already offered for this particular complaint, if that has been paid. I say this is a fair amount of compensation in the circumstances, because Mrs C and Mr N were impacted significantly by the strip out of their home, and the disruption lasted a considerable amount of time, with the issues affecting both Mrs C and Mr N's physical and mental health.

Turning now to the disagreement over the repair costs for remedying the strip out works, due to the possibility of pre-existing damage Admiral has said it shouldn't have to pay for all the repairs. But I have to bear in mind that Mrs C and Mr N have been left with their property in a state far worse than before the strip out. I appreciate Admiral's point about betterment – and this is something I've considered carefully. However, in the absence of evidence which shows how much of a problem the existing damp is, and how much it would cost to fully remedy, it's not possible to provide a precise figure which Admiral is liable to pay. It's clear from the quotes provided that Admiral's offer doesn't go far enough, and Mrs C and Mr N wouldn't be able to repair the damage with that amount. And Admiral did strip out the property when I don't consider this was strictly necessary.

Admiral says it had no choice but to carry out strip out works and to believe Mrs C's assessment as to the cause of the damage was accurate. Mrs C says in the phone call recording when reporting the damage, that she carried out repairs when the issue first presented itself but couldn't understand why the damp was recurring and it was only when unrelated repairs were being carried out to her garden that she noticed that the neighbour's downpipe didn't have any output drainage and was causing damage to her home.

Although Mrs C refers to the issues as "recurring" and says the problem "came back" I don't consider this to be an expert opinion on the cause of the instances of damp. Admiral should've carried out its own investigation into the cause before stripping out the property. I therefore don't consider it fair for Admiral to be disputing the 90% contribution recommended by our Investigator. Admiral says it could only have identified that there was another cause of damp once drying work had failed. But it took Mrs C's explanation of the cause of damage at face value without investigating further before stripping out the property.

And I don't consider it fair for Admiral to leave Mrs C and Mr N with a greater repair bill due to strip outs that didn't end up being necessary. It needs to put them back into the position they'd have been in had the real issue been identified straight away. Admiral says the downpipe was not the cause, but Mrs C is not an expert, so shouldn't have been relied on to provide accurate information as to the cause of the water ingress. So I consider Admiral liable for the majority of the repair costs, and I'm satisfied that 90% of the repair bill is

appropriate in the circumstances. This takes into account the pre-existing damp issues which Mrs C and Mr N would need to resolve themselves.

### **Putting things right**

Admiral Insurance (Gibraltar) Limited must now:

- Pay Mrs C and Mr N £500 compensation for distress and inconvenience in this complaint, if it has not done so already. It may deduct from this the £375 already offered if that has been paid.
- Cover 90% of the total costs to repair the property (£13,300) following the strip out works, which is £11,970.

### **My final decision**

My final decision is that I uphold this complaint and I require Admiral Insurance (Gibraltar) Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr N to accept or reject my decision before 13 October 2024.

Ifrah Malik  
**Ombudsman**